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JANUARY 3, 1966

FRANCE'S ECONOMIC PLAN

1966 OUTLOOK FOR AUSTRALIAN AGRICULTURE

JAPANESE BUSINESSMAN PROMOTES WHEAT FOODS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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JANUARY 3, 1966

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Judging entries at France's annual Charolais show. Livestock, as article on page 3 points out, is highlighted in the country's new economic plan. Photos from French Ministry of Agriculture.

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France's Fifth Plan Draws Up a Blueprint for Agriculture

Sharp production increases are projected for all major crops—particularly grains, which are expected to rise by 6.5 million tons in the next 5 years.

On January 1, France launched its Fifth Plan for Social and Economic Development, which calls for a 5-percent annual increase in the Gross Domestic Product as compared with 5.5 percent in the 1961-65 plan, and an investment of $12.6 billion in agriculture, or $10 billion more than specified in the previous plan. The Plan will be in effect for 5 years.

Originally the Plan proposed a 5.5-percent increase in agricultural income, but this was reduced to 4.8 percent—which compares favorably with the 4.4-percent rate proposed for the Fourth Plan and the 3.6 percent actually attained in the 1959-64 period.

The new plan targets sharp increases in all major crops, except wine grapes. Grain output is to increase by 6.5 million tons by 1970, with wheat accounting for about two-thirds of the gain. Barley is slated to rise by about 1.2 million tons, and corn by around 1 million.

Only moderate gains are foreseen for beef and veal: by 1970, output is expected to total 1.8 million, or 15 percent over that of 1964. Sugar production is expected to reach 2.4 million tons.

Essentially the Fifth Plan extends the agricultural provisions of the Fourth and retains the same objectives, which are defined as (1) the modernization of agricultural structures, and (2) the improvement of farm incomes. How these goals are to be achieved is spelled out in the Plan, the main points of which follow, in a free translation:

The first objective

The first objective depends on the joint efforts of farmers and the government. It is necessary, in any case, for our agriculture to integrate itself more completely into the modern world, to increase the productivity of its farms, and to improve the quality of its products.

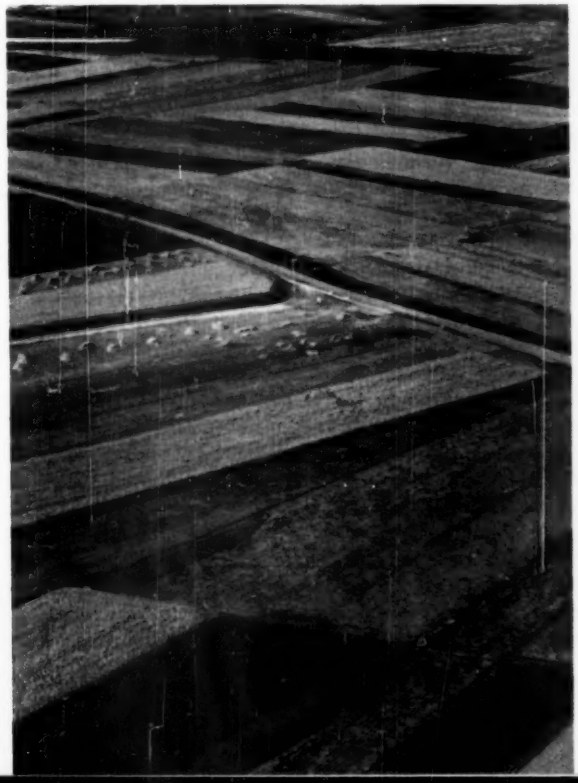
The second objective, on the other hand, depends on the outlets open to our production and on the prices at which it will be sold.

The preliminary objectives had envisaged an average progression rate in farm incomes from 5.3 percent to 5.5 percent per year, but more thorough studies carried out during the first 6 months of 1965 have led to a downward revision of these estimates. Under the circumstances, the government has deemed it appropriate to retain the rate of 4.8 percent per year as an indication of the value increase of the average agricultural income per farm in a normal weather year.

Orientation of production

The increase in agricultural income cannot be obtained without agricultural production becoming better adapted

France plans extensive consolidation of its many small farms. At left is a typical landscape in Brittany before consolidation and at right, the same scene afterwards.



to demand, both quantitatively and qualitatively. This adaption raises the problem of production orientation. Generally, the agricultural policy will take into account the decisions reached in Brussels as well as the level of incomes derived from the desired production orientations.

From the analysis of the prospects of development of supply and demand for agricultural products, it is concluded that the orientation policy of the Fifth Plan must essentially aim to—

- Encourage the production of beef, already deficit at the European level;
- Orient production of grains toward quality wheat and coarse grains (mainly corn and barley);
- Favor the transformation in France of grains into animal products (eggs, poultry, hogs) at a lesser cost;
- Encourage forestry.

Thus, aside from the forestry problem, the main orientation problem for agriculture remains that of the relation between grain production and animal products, mainly cattle production. It is therefore necessary to strengthen the direct encouragement for the production of meat, especially by encouraging cattle breeding, which up to now has not benefited from any specific program.

Quality standards

As for quality, the previous plans had induced farmers to make an effort to improve the quality of many of their products and to have a more regular and more attractive presentation of these products when they are offered for sale on the market. During the Fifth Plan this effort must be pursued and extended to new sectors, covering raw materials as well as processed products.

The goals are: Setting up of standards or specifications for new products and stricter application of these regulations, both on domestic markets and foreign markets; greater uniformity in the standards applied by the different countries of the European Economic Community; and maintenance of quality by adopting regional standards.

Restructuring of farms, training

The stabilization of markets through the use of the traditional intervention mechanisms—aid to export, storage, and such—will still entail great expenses during the Fifth Plan. But the government interventions on the market will have to be accompanied by the setting up of appropriate marketing structures. Industry groups will be charged with the responsibility of setting up these structures and, to a certain extent, will be responsible for carrying out the stabilization of markets.

Technological progress and the requirements of the market call for the restructuring of farms, mainly enlarging their areas and improving their productivity per person by the gradual disappearance of chronic underemployment of the active agricultural population in some regions.

Top priority must be given to actions which favor the freeing of land by elderly farmers—chiefly to the supplemental old-age pensions. On the other hand, in some areas it will be necessary to retain, by use of structural reforms and actions of agricultural professional promotion, young farmers whose departure would cause an inadequate agricultural labor force in the near future.

During the period covered by the Plan, the area scheduled for land consolidation will have to increase from 600,000 hectares in 1965 to 750,000 in 1970. This evolution will entail the development of joint works necessary to reclamation of new plots and a relative increase in the cost of these works.

The qualitative adaption of the active agricultural population to new exigencies of production and management techniques requires that an important effort be made to favor the training of adults. Agricultural teaching, a feature of the Fifth Plan, cannot have immedate results; therefore, it is necessary to foresee a development of organizations and actions for the training and promotion of adult farmers and farm workers. These must become more highly qualified and specialized, and must be able to participate in the necessary changes for managing enterprises and organizing markets.

Greater investment planned

The enlarged market and European competition imposes on French agriculture an increased effort in the field of intellectual or infrastructure investments as well as in the field of the material directly associated with the production and processing of agricultural products.

The adaption of agricultural production to European competition implies an improvement in productivity and in the quality of products as well as the stabilization and diversification of production. This, in turn, requires the setting up of drainage and irrigation works which will permit the stabilization of crops, will increase productivity, and will enlarge the range of its possibilities. The development of rivers and watersheds also constitutes an essential element of the mobilization and conservation of water resources.

With regard to the equipment of farms for animal production—we are quite behind in this field, and a change in the organization of farms is needed for animal production to become competitive. The implementation of completely new units is envisaged, either from necessary concentrations, or from new production techniques.

Food industries challenged

Analysis of present problems does not modify the orientations laid down in the Fourth Plan. The close relationship of food industries with agriculture makes them particularly sensitive to the development of agricultural policy. Unequal supply conditions still exist among the EEC partners and will continue until all of the agricultural regulations come into effect. And in view of the tightening of international competition, the regional disparities will not be reduced for a long time unless everything is done to encourage the best enterprises, at the same time seeking solutions to the social problems that will occur in the marginal units.

Teaching and research will be coordinated and their means reinforced to produce the management necessary for the setting up of enterprises at the European level. While the government will strengthen its encouragement for structural improvements, regrouping raises delicate problems, depending on the size, the situation, and activity of the enterprises.

The outlets for finished products will have to be insured by the sustained quality and competitiveness of national production, especially for the products that are processed at the second stage and for which imports have increased more rapidly than anticipated; the importance of the profits made by our commodities in the Community markets and in third-country markets will depend on the dynamism and insight that is shown by our farmers.

Australian Agriculture's 1966 Outlook — Partly Cloudy

Australia will feel the effects of its 1965 drought during the coming year at least. Significant declines are probable in its output and exports of wheat, barley, oats, meat, wool, and dairy products.

However, relief rains that fell in early December partly refilled stock ponds and started pasture growth, easing conditions for livestock producers in the drought areas. The rains also enhanced prospects for summer crops like corn and sorghum, and neither the rice crop nor the cotton crop was affected by the drought.

Wheat crop sharply down

The *wheat* crop, now being harvested, has been estimated at 275 million bushels, compared with the record 370 million of last season; it might not even exceed 245 million. Actual deliveries to the Wheat Board will depend on what farmers retain for feed. It is doubtful that the exportable surplus of wheat will exceed 170 million bushels in the 1965-66 marketing year (which started Dec. 1), compared with about 272 million in 1964-65.

The drought forced heavy grazing of the *oats* and *barley* crops, making the harvest difficult to forecast. Almost certain, however, are significant crop reductions in the eastern States. Only Western Australia will have an exportable volume worthy of note.

The new barley harvest is tentatively forecast at 42 million bushels—down 7.3 million; the oats crop, at about 54 million—down 16 million. The recent rains have encouraged farmers to plant corn and sorghum on at least part of the land they could not sow to wheat; but no forecasts are as yet possible for these crops. Latest unofficial estimates for harvests earlier this year are 4.5 million bushels for corn and 4.7 million for sorghum.

For *rice*, no appreciable change is expected from the 1964-65 record—153,000 long tons of paddy.

Output of livestock products reduced

Meat production has been markedly affected by the drought. Cattle and calf slaughter during the first 9 months of 1965 increased 4.4 percent over that for the corresponding period of 1964, yet the actual output of beef and veal showed no gain, largely because forced marketings from drought areas consisted of cattle in poor condition. The number of sheep and lambs slaughtered in the same period was 3.5 percent less than the year before, and mutton and lamb production dropped by 4.5 percent. The decline in slaughter was brought on by a small lamb crop and death losses on drought-stricken properties.

Probably both livestock slaughter and meat production will show further declines in 1966. Not only the lamb crop but also the calf crop was relatively small, and a large proportion of the young animals that would ordinarily reach market in 1966 have already been slaughtered. Further, as the drought breaks, growers will have to withhold all possible breeding animals to rebuild their herds and flocks.

Meat exports will decline accordingly. It is expected that shipments of beef, veal, and mutton to the United States will be roughly 8 percent less than the estimated 152,000 long tons of 1965 and, in any event, well below the record 258,000 tons shipped in 1963.

The *wool* clip, too, will be substantially reduced, both for fiscal 1965-66 and for calendar 1966. The official estimate for 1965-66 is 1,694 million pounds (greasy basis), but many informed sources expected the final production figure to be somewhat below 1,600 million. Not only have death losses been greater than expected, but clips per head are running much lighter than they did last year, and they seem in general dustier and poorer.

Australia's output of *whole milk* and *dairy products* has of course been curtailed also. However, the December rains broke the drought in major dairy zones. Production is already starting to recover, although in areas where many herds were liquidated, recovery cannot be rapid.

Prospects vary for cotton, tobacco

Cotton production continues to expand markedly. The 1964-65 (July-June) harvest, aided by exceptionally favorable weather, was about 46,000 bales, with greatly improved quality. Given good growing conditions, farmers plan to produce about 70,000 bales in 1966. Current mill usage is around 120,000 bales per year. Conceivably, Australia could be producing that much within the near future, although not all the types required.

Australia's *tobacco* industry has mixed prospects for the coming year. The Tobacco Stabilization Scheme, in operation on an interim basis at all auctions this year for the first time, set a quota of 26 million pounds of domestic leaf to be purchased by manufacturers. But the 1964-65 crop was damaged by blue mold, hail, and frost, and total offerings accepted for sale at auction were only 23.5 million pounds, far short of the quota. On the basis of price and grade, large manufacturers resisted buying part of the offerings, but the total volume was eventually purchased. The price and grade schedule is now, however, under review, and some modifications will probably be made before the auctions start in March.

It is too early to forecast the coming crop, but informed sources believe that given satisfactory growing and harvesting conditions, the quota will be filled.

Possibilities for increased sales of U.S. leaf to Australia in 1966 may be enhanced by the economic sanctions placed on trade with Rhodesia. Last year, the United States supplied 15.7 million of the 28.3 million pounds of unmanufactured tobacco Australia imported; Rhodesia, 7.4 million; and South Africa, 3.6 million.

Sugar production little changed

The 1965 *sugarcane* season in northern Queensland is making satisfactory progress. Yields are generally good, and the sugar content of the cane is somewhat higher than last year. But in southern Queensland, the drought and heavy late frosts are taking their toll. As a result, total Queensland cane production is unlikely to reach 15 million tons. Raw sugar output will probably be about the same as last year—1.9 million tons, or well below the 2.2 million tons projected in the Sugar Board production targets announced in 1964. Australia should experience no difficulty, however, in filling its U.S. quota for 1966. In addition, it will retain its U.K. quota of 335,000 tons per year.

—WILLIAM L. RODMAN
—U.S. Agricultural Attaché, Canberra

India's Ministry of Agriculture Raises Crop-Production Goals

In view of India's current food crisis, the country's Ministry of Food and Agriculture has taken another look at food-production targets for the Fourth Five-Year Plan (1966-67 through 1970-71). The outcome was a White Paper, "Reorientation of Programs of Agricultural Production," containing a series of proposals for higher crop outputs than were initially contemplated.

Issued concurrently with the White Paper on Food Situation (*Foreign Agriculture*, Dec. 20, 1965), the document recommends that the goal for production of food grains be raised from 120 million tons to 125 million tons. This would yield a per capita daily consumption of 16 ounces of cereals and 2.5 ounces of pulses by 1971.

The Ministry also proposed that the production target for oilseeds be raised from 10 million tons to 10.7 million; for cotton, from 8.5 million bales to 8.6 million; and for jute, from 8 million bales to 9 million.

More food in same time

This rethinking is believed to have resulted from a realization that through increased inputs in the general agricultural program and concentrated effort in certain special programs, greater increases in production can be achieved within the same time period.

In the strategy for boosting outputs, emphasis rests upon use of improved seed varieties and more widespread use of chemical fertilizers. (Several weeks ago, President Johnson announced a $50-million grant for India's use in importing nitrogen fertilizer.)

Slated for implementation in certain blocs of package-program districts, the high-yielding varieties plan is expected to result in additional production of 25.5 million tons of food grains. (Package-program districts are areas with good soil and irrigation facilities, where a group or "package" of improved agricultural practices—including better seeds, fertilizers, and implements—is applied in an intensive effort to boost production.)

The areas proposed to be sown with improved varieties of seeds are: paddy, 12.5 million acres; wheat, 8 million; and corn, jowar (sorghum), and bajra (millet), 4 million each. In addition, 4.9 million acres of cotton, 4.8 of oilseeds, and over 2 million of jute are slated to be brought under intensive cultivation during the Fourth Plan period.

Fertilizer requirements rise

As against a previously suggested target of 2 million tons of nitrogen, the new strategy suggests a consumption level of 2.4 million by 1970-71. Requirements of phosphatic and potassic fertilizers are indicated at 1 million and 700,000 tons respectively.

New targets proposed for subsidiary foods by 1970-71 provide for:

- Availability of 50 eggs annually per person to half the total population.
- Fish production of 1.94 million tons against the current level of 1.4 million.
- Milk output of 32.25 million tons against an estimated 24.6 million tons in 1965-66.
- Meat availability of 1,357 million pounds compared with 1,156 million at present.
- Output of edible oils for domestic consumption to be boosted to 2.4 million tons against an estimated 1.8 million tons in 1965-66.

With attainment of the proposed increases in food production, the per capita availability of food in terms of calories would increase from an anticipated 2,100 in 1965-66 to 2,300 in 1970-71. Per capita consumption of protein would rise from 54 grams to 61 grams.

—Dispatch from STANLEY W. PHILLIPS
Assistant U.S. Agricultural Attaché, New Delhi

Japan Increases Trade With Communist World, Especially China

Two-way trade between Japan and the Communist world has seen steady increases over the past 3 years, accounting for almost 6 percent of Japan's total trade in the first half of 1965. Last year also found China replacing the Soviet Union as the country's top trading partner outside the Free World.

In 1963, this trade totaled $552.4 million, rising to $918 million in 1964. The January-June 1965 total of $483.4 million, compared with $383.4 million in the same period of 1964, was on its way to a new annual record.

In terms of value, China accounts for 47 percent of Japanese-Communist trade, Soviet Union 38 percent, Cuba 4 percent, Rumania 3 percent, and North Korea 2 percent. The balance-of-trade scales, however, do not tilt in Japan's favor; imports from Communist countries run consistently higher than exports to them.

These countries in 1964 provided 22 percent of Japan's sugar and 18 percent of its soybean imports. In turn, they bought 48 percent of its exports of chemical fertilizers, as well as ships, machinery, and industrial products.

From the abnormally low levels of 1959-61, trade with Communist China has expanded rapidly—reaching $363.1 million in January-September 1965. This was 61 percent over the same period of 1964, and the figure for all of 1965 is expected to approximate $450 million. However, the rapid growth rate of recent years is not expected to continue. Fertilizer and industrial goods make up Japan's share, while China provides soybeans, maize, rice, and fish.

By the end of September 1965, trade for the year with the Soviet Union totaled $295.6 million, a mere 2-percent increase over January-September 1964. Imports from the USSR—industrial except for raw cotton and animal feeds—are increasing faster than exports to it, among which fish is the only food product.

Imports from Cuba are almost all sugar. Although sugar purchases have increased, their value has declined as a result of a drop in the world market price. Japanese exports to Cuba are falling off rapidly.

Trade with East European Communist countries was valued at $34.4 million in January-June 1965, with Rumania top trading partner. Major agricultural import from Rumania was corn, at $1.4 million. With other Far Eastern nations, trade totaled $19.6 million, a 10-percent drop from January-June 1964, in purchases of maize and minerals.

A Graphic Picture of Growth in U.S. Feed Grain Exports

One of the most dramatic farm-trade success stories of the past decade has been the phenomenal growth in U.S. and world exports of feed grains. This growth, which parallels the worldwide spurt in demand for those reflectors of better living, animal products, is graphically shown in the charts below.

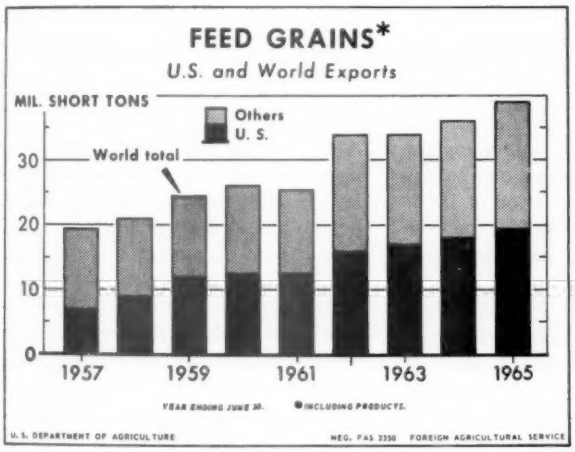
As illustrated, U.S. exports of feed grains during the past 9 years moved in a succession of records to a level nearly triple that of fiscal 1957. This rise has placed feed grains in the position of third biggest agricultural export and second largest dollar earner for fiscal 1965. And all indications are that the chain of record exports will be extended for another year, with the United States' export earnings from feed grains in fiscal year 1966 surpassing the billion-dollar mark.

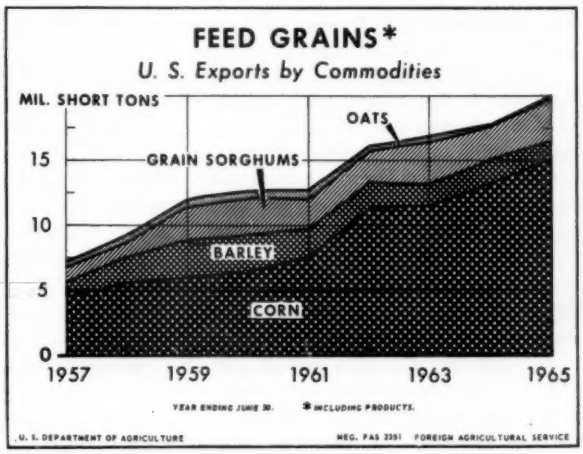
Combining to bring these results have been the increased efficiency of our feed grain producers; Europe's and Japan's rapid economic growth, allowing more indirect consumption of grains through animal products; and aggressive U.S. market promotion abroad. A large part of our increased exports are going into production of mixed feed, which is spiraling as a result of the development of large-scale poultry and livestock industries in Western Europe and in Japan.

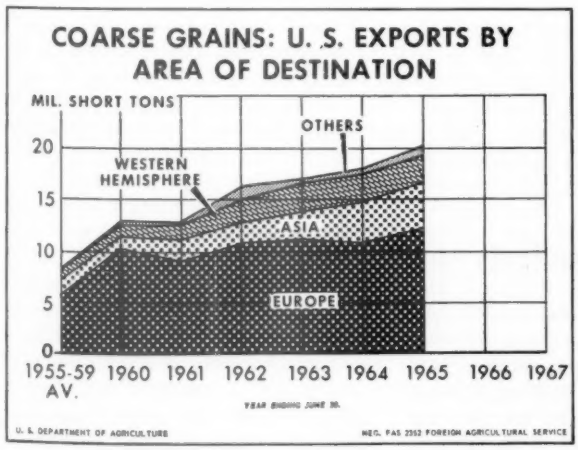
As in the past, the majority of these customers are in Western Europe, with the United Kingdom and the Netherlands maintaining their long-time positions as major buyers and Italy and Spain emerging as new ones of importance. Japan, however, is the most dramatic example of market growth in a single country, its purchases of U.S. feed grains tripling since fiscal 1957 and today exceeding those of any other country.

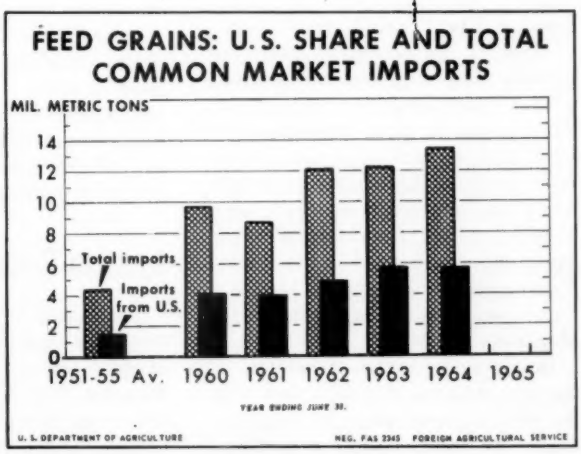
Also, numerous of the so-called emerging countries are beginning to develop large-scale livestock industries, especially poultry enterprises, and could well become our feed grain markets of tomorrow.

Competitors abroad have not been able to keep pace with our rapid export growth rate, and today this country accounts for about half the world exports against only about a third in fiscal 1957. Competition remains keen, however, in the foreign markets for corn—by far our largest feed grain export—with several newcomers, such as Thailand, Brazil, and Mexico, moving in to capitalize on the buoyant world demand. In the exports of the other big gainer of recent years, grain sorghums, the United States has had the overseas market largely to itself. But for this commodity also, at least one country—Argentina—is stepping up production and exports.









Lower Cotton Production in Colombia Forces Halt in Country's Shipments of Raw Cotton

De-emphasis of cotton in favor of food crops has pulled Colombia's cotton production down to the point that exports have ceased and are likely to continue small in the future. Colombia's big problem now appears to be maintaining self-sufficiency in cotton.

This change, officially implemented last July in a government ban on exports, is the third cotton trade turnabout in less than 10 years.

Upward spiral in late 1950's

Following a gradual uptrend in acreage, yields, and production for many years and a sharp upward burst in the late 1950's, Colombia became an exporter of raw cotton in 1959. Production reached a peak of 375,000 bales in 1962-63 before slipping considerably in each of the next two seasons. Exports were well over 100,000 bales annually in the 1960-62 period, and shipments have averaged 57,000 in the past two seasons.

Colombia's sudden rise in production was a direct outgrowth of the shift in government policy from allowing mills to buy foreign exchange for the purpose of importing cotton at an exchange rate of 2.5 peso per dollar to a realistic exchange rate. The more than doubling of the pesos cost of imported cotton caused both the textile industry and the government to want to move toward self-sufficiency in raw cotton production. Action programs to promote expanded cotton production included higher price supports, importation of adequate seed, fertilizer, insecticides, and farm machinery, provision of agricultural credit, and help in land development.

However, governmental efforts to increase cotton production subsided after self-sufficiency was reached, and more favorable price support levels were used to encourage food crops. As a result of the stronger competition from food crops, cotton acreage is being shifted from several older, highly productive areas in the central zone—especially Tolima and Valle del Cauca—to areas in the north, mainly Magdelina and Meta.

In aggregate, cotton expansion in the new areas has not kept pace with the shift to other crops in the older areas. The recent decline in area and production was furthered by 2 consecutive years of poor weather in the older areas and by delays in the announcement of the price support levels.

Though Colombia's cotton production still exceeds requirements for the expanding domestic textile industry, heavy exports in 1964-65 drained stocks to the point that Colombia will have to make large imports this season. The country's recent application for CCC credit indicates that some could come from the United States.

Declining world prices for cotton will probably make it difficult for Colombia to regain its export position. However, unless mills are provided a financial incentive to use imported cotton, Colombia will have to work to maintain self-sufficiency in cotton production over the next several years.

A factor that will contribute to the newer areas' continuing to expand cotton production is the likelihood that many of the farmers there have not yet developed as large an acreage for production as contemplated in their farm plans. Furthermore, the government's recent increase in the price support level and in production credit indicates larger cotton areas and production during the current season.

Argentine Meat Output Steady But Volume of Exports Drops

Meat production in Argentina for 1965 is estimated at near 1964 level, with fourth-quarter marketings balancing low third-quarter slaughter. Exports were down sharply in volume, but good European prices during most of the year helped maintain foreign exchange earnings.

Inspected slaughter data indicate a 9-percent decline in cattle slaughter during the first 9 months of 1965 as compared to the same period of 1964. Sheep slaughter was about 11 percent higher, hog slaughter was 10 percent higher, and pork production was up 14 percent.

Following 2 years of herd buildup, supplies of cattle became abundant in the fourth quarter of 1965 and are expected to continue relatively heavy until February or March 1966. However, beefless days are still in effect on weekends.

Steer prices in November 1965 were about 30 percent below the record levels of July, but Smithfield prices for Argentine beef also declined sharply. Exporters advocate elimination of the 9.5 percent export tax and a lowering of official minimum export prices.

Austrian-Rumanian Trade Pact

The Austrian Cabinet recently approved an agreement raising the value of the country's annual imports from Rumania from 20.3 million clearing dollars to about 25 million clearing dollars for the period 1966 through 1970. The quota on exports to Rumania was also set at 25 million clearing dollars.

(Settlements with the countries with which Austria maintains bilateral payments arrangements are made through clearing accounts expressed in U.S. dollars.)

Among agricultural commodities, the agreement provides for imports into Austria of $1.6 million in slaughter livestock and meat, $1.6 million in crude edible oils, $250,000 in fresh vegetables, and $150,000 in fresh fruits. Also included are quotas of 70,000 metric tons of feed corn and feed barley, 1,200 of pumpkin kernels, 300 of honey, and 200 of poultry.

Quotas of Rumanian imports of agricultural products from Austria are $80,000 in breeding stock, $30,000 in seeds, and 1,000 metric tons of dried whole milk and other milk products.

Honduras' Economy Booming

Sharp gains during the first half of 1965 in Honduras' economic indicators have led to forecasts that the country's 1965 economic growth rate may top the 6.5-percent GNP increase of 1964.

All major indicators have averaged 10-12 percent higher than in the first half of 1964, with industry and agriculture both sharing in the growth.

The country's rising farm output has shown up in its larger exports of bananas, coffee, and cotton. In turn, these larger agricultural exports, along with the inflow of investment and loan capital, helped boost international reserves to a seasonal peak of $27.9 million at the end of June, up $13.7 million from December 1964 and $6.6 million from the similar seasonal peak of June 1964.

Japan's Bigger Takings of U.S. Corn, Sorghums Push Its Total Imports of Feed Grains Up Sharply

During Japan's current fiscal year (ending March 1966), consumption and imports of feed grains are both expected to continue the recent upward trend. Total feed grain imports may reach 5,360,000 metric tons, against 4,595,000 the year before; and the U.S. share may well rise to nearly three-fourths, from somewhat more than half in the 2 previous years.

Feeds for laying hens are still by far the major outlet for the feed grains Japan buys from overseas; but broiler numbers and—more important—swine numbers have climbed sharply. Principal import increase is in corn, imports of which are forecast at a record 3,410,000 tons (up 9 percent).

The corn record would probably be even higher if a change in the price relationship between corn and grain sorghums had not encouraged a sharp rise in grain sorghum imports—now expected to total 1,450,000 tons, for a 50-percent increase. Barley imports, however, remain about the same as last year's, at 500,000.

Corn uses growing

The Japanese use corn chiefly for feed, and the steady rise in their imports reflects the growth of their mixed feed production. Private traders are normally permitted to import corn for feed free of duty and without quantity restrictions. This liberal policy, intended to help keep mixed-feed prices to livestock producers as low as possible, is part of the government's overall effort to encourage an expanded and efficient livestock industry in Japan. As another step in this direction, the government imported and stored over 60,000 tons of U.S. corn early in 1965 for stockpile purposes.

Use of corn for industrial purposes, mainly cornstarch manufacture, is also growing during this fiscal year, despite the quota-tariff restriction to which imports of industrial corn are subject. Under this arrangement, corn imports within the quota (recently fixed at 173,900 tons for the second half of JFY 1965, including 139,000 for starch manufacturers) are dutiable at 10 percent, while corn in excess of the quota carries a 25-percent duty.

There is said to be a good possibility that the corn-for-starch quota will be raised, for supplies of sweetpotato starch—much used in Japan—are limited by the poor 1965 harvest. The support prices for starches from both sweet and white potatoes were recently raised, and although the increase is relatively small, it will move potato starches into an even less favorable position relative to cornstarch.

U.S. corn fills gaps

The United States, with adequate supplies and increasingly favorable prices, is dominating the big Japanese corn market to an even greater extent than in the past, with some 2,280,000 tons; for JFY 1965 shipments from two other important sources are already sharply down.

Thailand, earlier expected to sell Japan 800,000 tons of corn from its 1965 harvest, will probably supply only 600,000 to 700,000. South Africa, a big supplier in 1964-65, has little white or yellow corn to offer this year, and its prices are high. This South African shortage has caused considerable searching by Japanese traders for other sources of white corn to fill the growing demand for starch; it has also induced starch manufacturers to use some U.S. yellow corn.

Outlook for sorghums, barley

This fiscal year, because of the attractive grain sorghum-corn price relationship, the Japanese have been using considerably more sorghums in commercial feed—15 percent of total ingredients as against 12.2 last year. Government policy on grain sorghums imported for feed is the same as that for corn—no duty and no restrictions on quantity. The government early in 1965 imported 9,100 tons from the United States and is holding it as a stockpile.

Of the 1,450,000 tons of grain sorghums Japan is importing during JFY 1965, the United States is expected to supply over 90 percent; the rest will come from Argentina and Thailand.

Consumption of common barley for feed will be about the same as in the previous fiscal year—a little over 600,000 tons, or half of total consumption (the rest being used for food, food processing, or brewing beer). The Japanese Food Agency has somewhat reduced the amount of barley to be imported for feed in the second half of JFY 1965, though the total will still somewhat exceed last year's 487,000 tons. U.S. barley is expected to account for 270,000 tons of the total, or more than half, despite a steep climb in import prices reflecting smaller availabilities in the United States and other countries.

—From dispatch by J. D. MINYARD
Assistant U.S. Agricultural Attaché
Tokyo, Japan

Inter-American Bank Assigns Top Priority to Agriculture

The Inter-American Development Bank (IDB) in the 6 years of its lifetime has committed resources equivalent to $1,344 million, through a total of 302 loans, to resolving Hemisphere economic and social problems.

The $540 million disbursed to date is reflected in a vast physical program. Noting the stagnation agriculture is suffering from in Latin America, the IDB has assigned it priority, allocating more than $300 million to programs of irrigation, farm mechanization and modernization, rural land settlement and crop diversification, the establishment of credit facilities for small- and medium-sized farms, and the promotion of farm cooperatives.

IDB aid has helped finance 2.5 million acres of new or improved farmlands, 115,000 farm credits, and almost 1,000 miles of access and farm-to-market roads.

The industrial and public-works projects in which the Bank participates include: construction of over 800 miles of main highways; expansion or construction of 45 large industrial plants; and extension of credit to thousands of small and medium industrial projects, low-cost housing units, urban and rural water-supply programs, sewage systems, and electrical generating plants. In addition, the Bank finances modernization projects at 40 universities in 15 countries.

These figures attain greater significance when viewed in terms of the Bank's methods of financing: Nearly 50 percent of its credit consists of "soft" loans with regard to interest rates and repayment currencies—lessening the burden on regional balances of payment. Furthermore, its loans have been earmarked for neglected areas, and by generating mobilization of domestic human, financial, and institutional resources, exert a positive multiplier effect.

Japanese Businessman Successfully Promotes Wheat Foods

How a Japanese businessman—formerly a representative of the U.S. wheat cooperator in Japan—capitalized on his knowledge of U.S. wheats and his country's interest in Western foods is told here by Clancy Jean, FAS marketing specialist.

Ryoichi Sugano returned to Japan after World War II from China where he had been an overseas member of a Japanese trading company. He advised his brother and widowed mother that he wanted to go into the bakery business because he believed the baking business would have a good future in the Japanese market. This was not a very popular decision because no one in the family had ever been in the bakery business, and at that time bakeries (pan-ya) were mostly small, one-man shops.

In 1950, Mr. Sugano opened his first small bakery as a family venture with his brother and a few employees, only one of whom had any experience in the bakery business. About this time he read in U.S. magazines about the (US) Wheat Flour Institute of the Millers National Federation and the Bakery Service Department of General Mills, Inc. He believed that by studying magazines and books he could gain information about American food habits. This would be very important to him as he had very little experience in the baking business and wished to expand his business in the future. He wrote to the Wheat Flour Institute and General Mills for information and literature on the promotion of wheat foods. He established his bakery under the name of Maru-S Baking Company. (Maru means circle, and S from his name is a shape considered attractive by Japanese people.)

Oregon Wheat Growers League

In 1956 when the Oregon Wheat Growers League opened an office in Tokyo, Mr. Sugano became local assistant to the Far East representative. After helping with the Oregon Wheat League exhibit at the Osaka International Trade Fair, Mr. Sugano moved to Tokyo. On weekends he commuted to Osaka and continued to manage the baking and other business.

For nearly 5 years, Mr. Sugano assisted with the U.S. wheat market development program, first under the Oregon Wheat Growers League program and later under Wheat Associates, the successor organization. During this time, market development activities included inaugurating the popular kitchen bus project, assisting with school lunch programs, participation in bakery training schools, and technical assistance to other end-user groups.

Mr. Sugano accompanied the first Japanese wheat team brought to the United States in 1957. In 1959 he again came to the United States as interpreter for a biscuit and cracker technician who spent a month in a concentrated study of the U.S. industry. In 1961, increased pressures from his growing business, plus growing activity in the wheat cooperator office made it necessary for Mr. Sugano to resign in order to devote full time to his own affairs.

Growth of baking business

In the past 15 years, the Maru-S Baking Company has grown from an idea to the second largest, and most modern bakery in the Osaka area (by general definition this includes about six Prefectures). There is also a sandwich and coffee shop business which has grown so large that it has become an independent company.

In the spring of 1964, he opened a new bakery plant with a capacity of 500 50-pound sacks of flour for an 8-hour shift. At present, bread production consumes 320 sacks per day in turning out 27,000 loaves of bread.

Bun and sweet roll production runs 120,000 pieces per day and uses 180 sacks of flour. A second production line for buns and rolls will go into operation this month.

Maru-S Bakery has 50 large trucks and some 20 smaller trucks. The bakery is integrated with another corporation which Mr. Sugano owns, encompassing about 20 retail shops which sell such things as bread, rolls, and doughnuts, and five hotdog-sandwich and coffee shops. These retail outlets consume about 20 percent of the output of the Maru-S Baking Company.

Prior to opening his new bakery plant 15 months ago Mr. Sugano's operation consisted of his original bakery plant with a capacity of 250 sacks per 18-hour day (two shifts). At this time he was only the fifth or sixth largest baker in Osaka.

It was in the second plant that Mr. Sugano developed his own public relations program. In this plant he included a lecture room which is used

not only to train his own personnel, but for cooking classes for housewives.

Major emphasis is given to sandwich preparation in the classes. From those who attended he formed the Maru-S Friends Society and today there are 3,500 housewives registered.

Mr. Sugano relates how he has asked the housewives how many sandwiches they knew how to make. "Only two or three—they don't even use up the fingers of one hand to count the sandwiches they know how to make. So I tell them, there are 1,000 sandwiches, but I can tell you two more — Sukiyaki and fishcake — at which all the housewives laugh, saying, whoever heard of a s'kyaki sandwich? but later on some housewives write me that they have tried s'kyaki as a sandwich and their families like it very much."

Small retail specialty shops

The retail shops selling baked goods vary from very small stands which might sell only doughnuts to those selling all types of bread and other baked goods. Others specialize in hotdogs or pancakes. These retail outlets are located mainly in the food departments of large department stores and gross from $100 to $500 per day.

His most recent venture is the Gourmet Sandwich Shop, an elegant place located in an underground arcade in Osaka, which seats 22 customers. The location appears excellent —on a corner in one of the busiest shopping areas in Japan.

Mr. Sugano observes that 90 percent of his customers at the Gourmet are women, most of whom are in the 18-22 year age group. They frequently bring their mothers or boyfriends when stopping in for a sandwich.

Near the Gourmet are other restaurants, specializing in noodles, curry dishes, and other foods. Mr. Sugano observes that noodles are preferred mostly by older men and women while younger men are the most frequent customers at the curry shops.

When Su-san, as he is known to his friends, opened the Gourmet, his business associates told him it could not succeed if he limited his menu to sandwiches. Most shops that sell sandwiches also offer many other dishes. Mr. Sugano persisted and the sandwich has remained king. Seldom are any of the 22 seats vacant and it is not uncommon to see two or three ojo-san (young ladies) waiting to be seated.

The decor is in excellent taste and on the walls are two large framed sandwich promotion posters secured from the U.S. Wheat Flour Institute of Chicago. Each year these posters are replaced with the latest version from the institute.

Mr. Sugano is one of several progressive food merchants in urban Japan who are developing the image of the sandwich as a meal, not just a snack.

Mr. Sugano has definite criteria for a Western-style sandwich. The bread slices must be of a conventional thickness and the filling must be at least the thickness of one slice of bread. This is in contrast to the traditional sandwich in Japan—two very thin slices of bread and an even thinner filling. His menu lists about 50 different kinds of sandwiches.

Mr. Sugano also has a pancake stand in a large department store, which he claims is the busiest shop of its kind, not only in the Osaka area, but in all of Japan. At this stand he sells seven different varieties of pancakes. As much maple syrup as the customer wants is served with the pancakes. The syrup is also made by Sugano's firm. Business is rather dull in the summer, he states, because pancakes are hot food, but in other seasons business is wonderful. At peak seasons as many as 1,600 customers will be served at the pancake stand each day, although it has only 25 seats. The customers like being able to get a regular pancake with maple syrup and butter for 17 cents.

Western-style food leaders

Pancakes, doughnuts, sandwiches and other wheat foods are emerging as sales leaders in the Western-style food sector of the Japanese market.

The United States supplies about 50 percent of Japan's wheat imports—in fiscal 1965 about 62 million bushels—mainly Hard Red Winter, Western White, Hard Red Spring, and small amounts of durum. Japan accounted for 43 percent of U.S. commercial wheat export business in 1965.

Clockwise from right: Some of the 70 Maru-S trucks before the company's newest baking plant; the Gourmet sandwich shop; the annual garden party for 3,500 housewife-members of the Maru-S Friends Society; Mr. Sugano tells a cooking class about 1,002 varieties of sandwich.

Increasing Markets for U.S. Tallow and Grease Seen in South America; Cattle Imports Possible

A substantial demand for U.S. tallow and grease will continue in four of this country's major markets in South America, according to U.S. livestock marketing specialist William R. Hatch, with at least 3 of the countries—Peru, Venezuela, and Ecuador—evincing considerable interest in importing U.S. cattle.

Just back from a 3-weeks' market analysis trip to Venezuela, Colombia, Ecuador, and Peru, Mr. Hatch reports that new markets for tallow and grease are developing as utilization patterns change.

"Indications in 1961 that tallow imports were on the decline have failed to materialize," says Mr. Hatch, "despite a significant increase in tallow prices and curtailment of imports by duties and difficulties in obtaining licenses."

Venezuela's imports in 1964 were above those of 1961; Colombia's, Ecuador's, and Peru's were approximately double those of 4 years ago. The report follows.

The soap industry in Venezuela is continuing to expand and to use more tallow. The use of fat in feeds is also rising and accounts for about 500 tons per month. This is equivalent to all local production. The future will probably bring an expansion in local production and increased use in feeds.

The expansion of the soap industry may be retarded by a new campaign by some of the major companies to introduce bar detergents to the existing laundry soap market.

Colombia has a market for more tallow. In fact, some of the larger soap factories were closed down for about 2 months in 1965 because of lack of tallow. The soap industry, however, expects the Colombian Government will relax its import regulations in the near future, which could mean an increase in tallow purchases over the next year or two.

Ecuador has been, and will likely continue to be, a substantial tallow importer in proportion to its population. A limited amount of these imports go into the manufacture of soap. The feed industry is not yet sufficiently sophisticated to be using much fat.

Fish oil vs. tallow in Peru

Peru is increasing the use of soap and detergents. The feed industry, although new, is developing the use of some fats. However, the availability of fish oils, which are cheaper locally than tallow, is limiting tallow usage in soap and feed.

At present no tallows are used in laundry soap and very little in feeds. Toilet soaps continue to use tallow instead of fish oil which, in Peru, is cheaper than tallow. Although soap technicians report there is no technical reason why fish oils cannot ultimately replace tallows in toilet soap, present costs of developing a satisfactory ingredient for toilet soap from fish oils are too high for its use.

Peru is importing increased amounts of U.S. hog grease. Substantial gains were made in 1964, accounting for approximately four-fifths of the country's fat and oil imports.

Potential cattle imports

Peru will import substantial numbers of live cattle, both for breeding and direct slaughter. Present plans are to increase imports of slaughter cattle from around 25,000 head in 1964 to around 85,000 head in 1965-66.

A program is also underway to import several thousand head of dairy cattle. Peru likes U.S. breeding stock more than that of any other country.

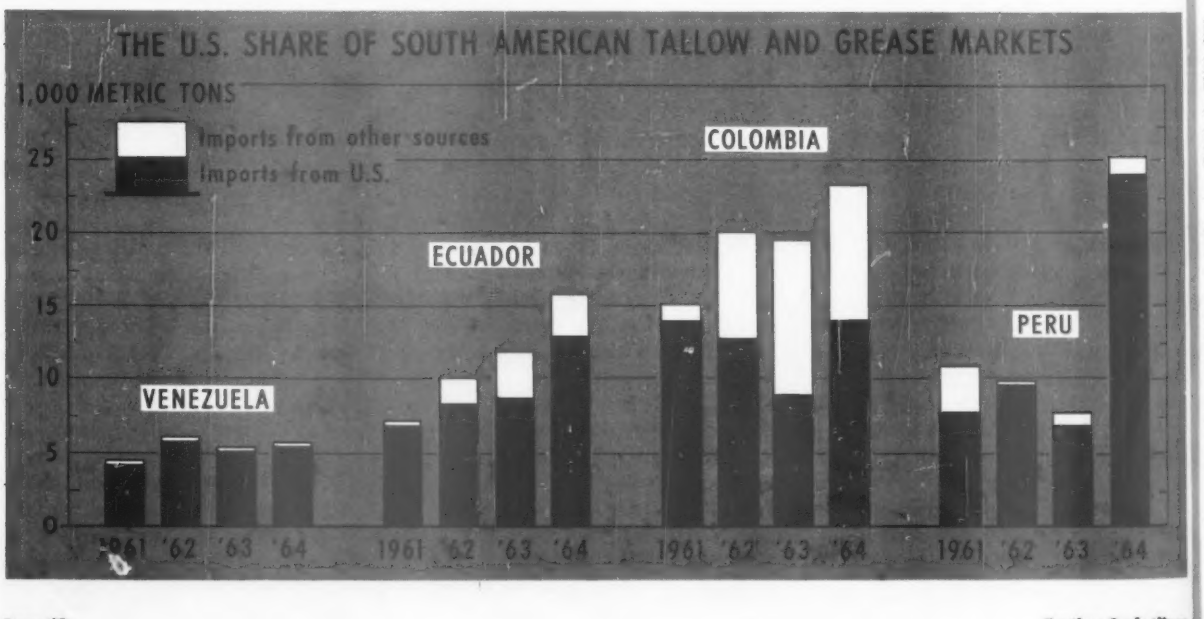
Peru is also likely to import quite a few beef cattle for breeding and the United States has a possibility of getting a large part of this market. It is unlikely the United States will be sufficiently competitive to be an important supplier of slaughter cattle.

Some interest was expressed by the Peruvians in U.S. meats, but with the limited refrigeration available there, it is unlikely that much U.S. meat will be imported at this time.

Venezuela and Ecuador should continue to be important importers of U.S. breeding cattle.

Venezuelan imports of dairy cattle have risen from 748 in 1963 to 2,059 in 1964, with imports for the first 11

(Continued on page 16)



World Wheat Crop at Near-Record Level

World wheat production in 1965, estimated at 245 million metric tons, was 3 percent below the 1964 record of 253 million tons, according to the second estimate. Outturn exceeded the previous near-record harvest of 1962 by 4 percent.

Bumper crops in the continents of the Northern Hemisphere were more than offset by a sharp decline in the crops of two major producers—the USSR and Mainland China—and in several Southern Hemisphere countries, where dry weather generally continued to reduce crops as the season progressed.

Record wheat crops were harvested in North America, Western Europe, Eastern Europe, and Asia. Countries of southwestern Asia—Turkey, Iran, Iraq, Syria, Jordan, and Israel—had a good season, and producers in northern Africa, including Egypt, Algeria, Morocco, and Tunisia, had large crops.

Output in the principal wheat-producing countries of the Southern Hemisphere was considerably below the good crops of 1964. In Australia, persistent drought in the eastern states has reduced yields to the lowest level since the severe drought of 1957. Argentina decreased acreage, and insufficient rains lowered the crop estimate. Continued drought in the Republic of South Africa reduced the production forecast to 32 percent below the good 1964 crop.

Total production in the five principal exporting countries —the United States, Canada, Australia, Argentina, and France—is estimated at 83.9 million tons, compared with 85.8 million in 1964. Very good crops in the United States, Canada, and France failed to offset reduced harvests in Australia and Argentina. Therefore, total production of the five countries was nearly 2 million tons below that of 1964.

WORLD PRODUCTION OF WHEAT

Continent or area	1962	1963	1964	1965
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
North America	46.7	52.5	53.3	57.4
West Europe	44.1	37.3	43.0	44.6
East Europe	17.0	17.3	18.0	20.3
USSR	54.4	40.0	57.2	46.3
Asia	52.5	52.4	52.3	54.2
Africa	5.7	6.4	5.8	6.0
South America	7.6	11.0	13.0	8.6
Oceania	8.6	9.2	10.3	7.7
Total	236.6	226.1	252.9	245.1

Thailand Sells More Corn to Japan

The Thai Foreign Trade Department has announced the sale of 240,000 metric tons of corn to Japan for delivery in January and February 1966. Corn exports to Japan in the same months of 1965 were 227,884 tons.

This sale is in accord with a contract for Thailand to supply 800,000 tons of corn, with 10 percent additional if available. Sales of corn to date total 600,000 metric tons, leaving 200,000 and possibly 280,000 tons still to be sold.

The price of Thai corn sold to Japan is reported as $57.30 per metric ton, f.o.b. Bangkok. Corn prices appear to be lower compared with earlier sales. The first sale for September and October 1965 deliveries was made at $58.80 per ton. An understanding has been reached that either party may ask for payment in pounds sterling or U.S. dollars.

Austria Exporting More Dairy Products

Increased milk production in Austria in the first half of 1965 is reflected in larger production of dairy products and greater availability for export.

During the January-June period, Austria's exports of butter rose 41 percent to 7 million pounds. The United Kingdom and Italy accounted for almost all these exports, taking 4 million and 2 million pounds respectively.

Cheese exports were up 10 percent to 12 million pounds. EEC countries took 83 percent, or 10 million pounds, of which Italy took 9 million. Shipments to the United States were down slightly—665,000 pounds compared with 755,000 pounds a year ago.

Austria's exports of dried whole milk in the first 6 months of 1965 were a record 20 million pounds, an increase of 5 million pounds over the comparable period of 1964. Sales to the United Kingdom increased by 2 million pounds to 12 million; sales to West Germany increased 1 million pounds to 4 million. The USSR, a new market, took 1 million.

U.K. Canned Milk Sales Increase

Exports of evaporated milk from the United Kingdom during January-September 1965 amounted to 44 million pounds, 31 percent above the comparable 1964 period and only slightly less than calendar 1964 exports.

Principal destinations, with January-September 1964 figures in parentheses, were Ghana, 8 million pounds (2 million); Malaysia, 8 million (6 million); the Philippine Republic, 5 million (5 million); Malta, 4 million (3 million); Burma, 2 million (3 million); and Tanzania, 1 million (175,000). Sales to the British West Indies, at 3 million pounds, were slightly heavier than a year ago.

Shipments of condensed milk were up 4 percent to 37 million pounds. Malaysia, the most important market, took 23 million, 18 percent less than last year, when exports were 28 million pounds. Burma, not a purchaser in January-September 1964, took approximately 6 million. There was some reduction in sales to the British West Indies.

Livestock Product Imports Constant in Recent Months

Imports of livestock and meat products have remained relatively constant in recent months.

Monthly imports of boneless beef have been virtually unchanged since July. Beef and veal items have totaled close to 70 million pounds in each of the last 3 months for which data are available (August-October). Total pork imports have been about the same in each of the last 5 months (June-October), and in each of these months they have been above the corresponding month last year.

Total red-meat imports for 1965 through October remained well below those of 1964, as the drop in beef and veal items more than offset the rise in pork.

Wool imports rose in 1965, for world prices averaged

considerably lower than in 1964, reviving interest in wool for apparel purposes. Carpet types have entered in larger volume in recent months, although the total for the year through October is the same as for the same period of 1964.

Higher U.S. cattle prices have attracted increased imports, mostly Canadian cattle for feeders. Although live cattle imports were up in relation to 1964, the total for 1965 is unlikely to reach the average level of recent years.

Imports of most types of hides and skins through October were at about average levels. Reduced hog slaughter in the United States and an active demand for pig skins has led to increased imports of the latter.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	October		January-October	
	1964	1965	1964	1965
Red meats:				
Beef and veal:	*1,000*	*1,000*	*1,000*	*1,000*
Fresh & frozen:	*pounds*	*pounds*	*pounds*	*pounds*
Bone-in beef:				
Frozen	378	1,090	3,464	4,153
Fresh and chilled	2,191	2,560	10,806	16,416
Boneless beef	41,354	54,648	571,442	442,841
Cuts (prepared)	160	97	854	2,056
Veal	1,823	2,015	14,518	14,214
Canned beef and beef sausage	6,733	9,718	72,258	77,238
Prepared and preserved	852	2,009	8,988	18,218
Total beef and veal	53,491	72,137	682,330	575,136
Pork:				
Fresh and frozen	2,820	4,038	31,688	38,282
Canned:				
Hams and shoulders	12,263	15,056	115,900	142,279
Other	2,181	3,086	18,816	23,376
Cured:				
Hams and shoulders	135	136	1,285	1,317
Other	482	396	3,875	4,392
Sausage	192	254	1,568	1,540
Total pork	18,073	22,966	173,132	211,186
Mutton and goat	639	4,099	30,596	25,552
Lamb	538	1,038	9,344	9,700
Other sausage	588	485	3,438	3,975
Total red meat	73,329	100,725	898,840	825,549
Variety meats	307	246	1,241	1,495
Wool (clean basis)				
Dutiable	6,375	11,702	76,697	134,675
Duty-free	6,782	12,048	95,134	94,694
Total wool	13,157	23,750	171,831	229,369
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	21	25	279	213
Calf	89	50	730	398
Kip	56	40	918	541
Buffalo	15	45	372	474
Sheep and lamb	852	2,271	27,444	25,980
Goat and kid	863	966	11,387	12,053
Horse	19	29	313	315
Pig	114	239	1,315	2,518
	Number	*Number*	*Number*	*Number*
Live cattle[1]	45,430	103,299	382,368	665,032

[1] Includes cattle for breeding.
Source: U.S. Department of Commerce, Bureau of the Census.

West German Import Tenders for Canned Vegetables

West Germany has announced import tenders for canned wax beans (cuts) and asparagus (cuts and tips) and an extension of the application period for import licenses for canned green beans.

Applications for canned green beans will be accepted until January 31, 1966, and will be valid until March 31. (The original deadline on applications was Nov. 25, 1965.)

The tender for canned wax beans allows imports from the United States, Israel, Canada, and the Republic of South Africa. Applications may be filed until exhaustion of the undisclosed value limit, but not later than May 30, 1966. Customs clearance began January 1, and licenses will be valid until May 31. The issuing of an extension will depend upon market and price developments.

Imports of canned asparagus are permitted from the United States, Australia, Brazil, Denmark, Israel, Japan, Canada, Peru, Spain, and the Republic of South Africa, with application, expiration, and clearance dates the same as for wax beans. Compared to the previous tender for asparagus, the number of countries has been increased substantially. Imports of canned asparagus spears and tips alone are not included in this tender, but are covered by a separate one.

Italian Olive Pack Larger

Italy's 1965 table-olive pack has been tentatively forecast at 46,300 short tons, an increase of 14,100 tons over the revised 1964 output of 32,200. Sicily, producing approximately 40 percent of the total, is followed by Puglia, Calabria, and Latium.

Italy is a net importer of table olives, which are obtained primarily from Spain and Greece. Exports are negligible. Reportedly, the Italian table-olive industry is faced with high picking costs and lack of attention to pest control.

Mozambique Sets Minimum Cashew Prices

A new, province-wide minimum price to growers of cashew nuts has been announced for the 1965-66 marketing season in Mozambique. Growers or pickers will be paid a minimum of 3.5 cents per pound. Wholesalers or distributors will be paid 4.4 cents per pound of nuts delivered in bulk to the shelling factory.

The Sul do Save crop must first meet the needs of the local shelling industry before it can be exported. Sul do Save shellers will be taxed 0.8 cents per pound by the External Trade Board. Exporters of cashew nuts north of the River Save are free to export directly after supplying a quota of 3,300 short tons to local shellers.

Norway's Tobacco Imports

Norwegian tobacco imports during the period January-September 1965 totaled 5.9 million pounds, with the United States supplying 4.2 million, or 71 percent. Other major sources included Malawi, 596,000 pounds; Rhodesia, 438,000; and Canada, 290,000.

Average import values per pound for purchases from the major suppliers, in U.S. equivalents, were as follows: United States, 77 cents; Malawi, 48; Rhodesia, 41; and Canada 69.

Ontario Flue-cured Auction Sales

Auction sales of the 1965 flue-cured tobacco crop in Ontario, Canada, through December 10 totaled 50 million pounds at an average price of 63.1 Canadian cents per pound. This compared with 43.1 million pounds averaging 58 cents per pound through the fifth week of sales last year.

The average weekly auction price for the fifth week ending December 10, 1965, was 63.9 Canadian cents per pound, compared with 65 cents for the fourth week, 62.9 cents for the third week, 62.1 cents for the second week, and 58.4 cents for the first week. The highest daily average

price on record was 65.7 cents per pound recorded on Wednesday, December 1.

All auction warehouses reportedly were closed for the holiday season following the end of sales on December 17 and will reopen on January 3, 1966. If volume sales for the sixth week approximated those for the previous weeks, almost 38 percent of the 1965 Ontario flue-cured crop was sold through December 17.

British Tobacco Imports Decline Slightly

The United Kingdom's imports of unmanufactured tobacco during the first 9 months of 1965 totaled 184.3 million pounds, down slightly from the 187.7 million imported in the same period of 1964. Smaller imports from the United States and Canada more than offset larger takings from Rhodesia, Zambia, Malawi, India, and the Republic of South Africa.

Imports from the United States dropped to 47.1 million pounds from the January-September 1964 level of 57.2 million. Takings from Canada totaled 33.9 million pounds, compared with 35.6 million during the first 9 months of 1964. Combined imports from Rhodesia, Zambia, and Malawi amounted to 65.2 million pounds—up 7 percent from the 1964 figure of 60.9 million. Imports from the Republic of South Africa rose to 4.7 million pounds from 2.8 million, and takings from India, at 29.8 million pounds, were up 10 percent from the 27.1 million imported during the first 9 months of 1964.

Paraguay Reaps Larger Cotton Crop in 1964-65

Cotton production in Paraguay in the 1964-65 season is now estimated at 65,000 bales (480 lb. net), 18 percent above the 1963-64 crop of 55,000 bales and nearly 50 percent above 1955-59 average annual production of 44,000. The 1964-65 crop was the largest since the record production of 73,000 bales in 1951-52. Assuming favorable growing conditions, the 1965-66 crop is expected to be about the same as last season's.

Paraguay's textile industry currently supplies about 70 percent of local demand. The country also exports some textiles to other LAFTA nations. Local textiles have often faced keen competition from imported Brazilian goods, but recent price increases in Brazil have lessened this competition. Cotton consumption in 1964-65 is now placed at a record 18,000 bales, compared with 15,000 annually for the past several years.

Paraguay imports no raw cotton, but exports all cotton not required by the domestic textile industry. Exports in 1964-65 were 41,000 bales, compared with 47,000 bales in 1963-64. Traditional customers for Paraguay's cotton have been Uruguay and countries of Western Europe.

Further Drop in El Salvador's Cotton Output Predicted

Officials of the Salvadoran Cotton Cooperative—revising their original estimates of a decline in cotton production—are predicting a further drop because of insect damage.

Preliminary estimates now place the 1965-66 lint cotton crop at about 250,000 bales (480 lb. net), a decrease of 29 percent from 1964-65 output. The first estimate was for a 14-percent drop.

Despite heavy applications of insecticides, many farmers are reportedly unable to control insects—which may have become immune to the insecticides. The Ministry of Agriculture and the Salvadoran Cotton Cooperative have launched an investigation of the overall insect problem and hope to be able to come up with some recommendations on how to better control the pests.

Unless the problem can be solved, many cotton farmers face their third poor crop in as many seasons. This, coupled with the high local cost of production and the continued weakening of the world cotton price, is likely to induce some cotton farmers to plant alternative crops next year. Local observers are predicting a large drop in the 1966-67 crop unless the present situation changes drastically.

China Continues Large Jute Purchases

Mainland China is reported to have purchased 33.6 million pounds of jute from Pakistan, and to be making plans for further purchases during the 1965-66 season (July-June). In 1964-65 China purchased 165.7 million pounds of Pakistani jute, making it Pakistan's third-largest customer for that period, after the United Kingdom and India.

China is the third-largest producer of jute in the world, following Pakistan and India, but it imports substantial quantities of supplement domestic production. Purchases have risen sharply in the past 2 years.

Mexico's Honey Production Rises

Mexican honey production in 1965 is estimated at 30,000 metric tons (66 mil. lb.), an increase of 11 percent over 1964. Production in 1966 is expected to be at about the same level as in 1965.

Honey exports for 1965 are expected to exceed slightly the 22,901 metric tons (50.4 mil. lb.) exported in 1964. West Germany is by far the largest buyer of Mexican honey and the United States ranks second. Exports to the United States during 1965 exceeded considerably the 2,792 metric tons (6.1 mil. lb.) shipped in 1964.

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Economist Predicts Japan Will Mirror Western Food Ways by 1985

In 20 years, the Japanese will be living and eating in the Euro-American fashion—earning an average of $2,000 a year and consuming more livestock products, milk, dairy products, and vegetables.

Population will have risen 1.3 percent annually to a total of 129.6 million, individual ability will receive higher recognition in the labor market, and college education will be universal.

This blueprint of the future was drawn recently by Yujiro Hayashi, prominent economist in Japan's Economic Planning Agency. Following a liberal analysis of the country's economy, Mr. Hayashi predicted that by 1985, the physical constitution, working conditions, and living standards of the Japanese people will be substantially improved.

Calorie intake to rise

The improve physical constitution will result from a dramatic change in eating habits, with calorie intake expected to reach the Western level of 3,000 per day. While consumption of rice—predicted at 9.8 million tons annually in 1985—will drop to 80 percent of the current level, intake of animal flesh will be 6.3 times that of 1961. People will be eating 4.7 times more milk and dairy products, 1.9 times more eggs, and 1.1 times more vegetables.

To meet the need for more animal flesh, 27.5 million cows—or an average of one for every five men—will be needed. A total of 1.75 million tons of cow milk will be required in the Tokyo area alone.

The change in living standards and food intake will have a considerable effect on the makeup of the population. With a longer life span, the number of people over 34 will rise to 46 percent of the population as against 34 percent in 1960. Marriageable age will advance, and 43 percent of the women between 20 and 24 will be married, compared with 31 percent in 1960. Wives will find jobs more readily available, and differences in wages for men and women will diminish.

Along with the $1,400 rise in per capita national income, Mr. Hayashi predicts a full-employment economy with a 5-day, 40-hour work week, a high wage level, and complete security against risk and damage. The percentage of blue-collar workers (including farmers) in the labor force will decline to 47 percent from 65 percent in 1960, while the farm population—forecast at 13 million—will be a mere 10 percent of the nation's total.

Change in farm management

Income differences between agricultural and nonagricultural labor will drop to the Western level, although Mr. Hayashi does not see farm relief and other social security measures as implements of raising farm incomes. Per-family arable land will increase, and farm management will undergo substantial change; under the present system, a population decline by itself would not automatically raise per capita output.

While changes in farm management figure highly in Mr. Hayashi's forecasts, he stresses the development of industries—electronics, rocketry, and nucleonics—commensurate with Japan's geographical conditions. Among his expectations are practical use of nuclear energy, electric automobiles, hovercraft, and televised telephones.

Chief stumbling blocks in Japan's growth during the next 20 years will be the problems of water supply and waste disposal. More than 13.1 million tons of water will be needed daily—3.8 times current consumption—making desalination of seawater a practical necessity. The volume of refuse will amount to about three times its current level.

U.S. Tallow and Cattle in South America

(Continued from page 12)

months of 1965 already above those of the entire previous year. Ecuador's dairy cattle imports went from 10 in 1963 to 72 in 1964.

A new Export-Import Bank loan is expected to make more money available for Ecuadoran cattle purchases and Venezuela's general foreign exchange situation should not be a deterrent to imports.

Officials of the Central America Cattle Exposition in Guatemala are working hard to make the April 17-24 event a success.

They anticipate around 600 head of livestock from the six Central American countries to be exhibited. They are also interested in a display of information and literature on American cattle breeds by the respective breed associations in an American-sponsored booth and are requesting U.S. participation.